

MONTANA LEGISLATIVE HISTORY

Chapter 648 19 87

Bill H 623 S _____

Original bill & history ✓ c

H. Committee on Business & Labor S. Committee on Business & Ind.

Hearing Date(s) 2-16 ✓ c

Hearing Date(s) 2-16 c

_____ c

referred to c

_____ c

State Admin c

_____ c

3/23 ✓ c

Date Out _____ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

HOUSE FINAL STATUS

3/16	3RD READING PASSED	89	4
	TRANSMITTED TO SENATE		
3/17	REFERRED TO FINANCE & CLAIMS		
3/30	HEARING		
4/03	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/06	2ND READING CONCURRED	50	0
4/07	3RD READING CONCURRED	47	3
	RETURNED TO HOUSE WITH AMENDMENTS		
4/10	2ND READING AMENDMENTS CONCURRED	80	7
4/11	3RD READING AMENDMENTS CONCURRED	83	8
4/16	SIGNED BY SPEAKER		
4/20	SIGNED BY PRESIDENT		
4/20	TRANSMITTED TO GOVERNOR		
4/24	SIGNED BY GOVERNOR		

HB 622 INTRODUCED BY BRANDEWIE
 GENERALLY REVISE FINANCIAL REGULATION OF INSURANCE
 COMPANIES
 BY REQUEST OF STATE AUDITOR

2/05	INTRODUCED		
2/05	REFERRED TO BUSINESS & LABOR		
2/12	HEARING		
2/12	COMMITTEE REPORT--BILL PASSED		
2/14	2ND READING PASSED	90	5
2/16	3RD READING PASSED	88	3
	TRANSMITTED TO SENATE		
2/17	REFERRED TO BUSINESS & INDUSTRY		
3/18	HEARING		
3/26	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
3/30	2ND READING CONCURRED	50	0
3/30	3RD READING CONCURRED	50	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/08	2ND READING AMENDMENTS CONCURRED	84	3
4/09	3RD READING AMENDMENTS CONCURRED	94	3
4/13	SIGNED BY SPEAKER		
4/13	SIGNED BY PRESIDENT		
4/14	TRANSMITTED TO GOVERNOR		
4/17	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 534 EFFECTIVE DATE: 10/01/87		

HB 623 INTRODUCED BY HARRINGTON, ET AL.
 PREVENT CLOSURE OR SALE OF PROFITABLE LIQUOR STORES

2/05	INTRODUCED		
2/05	REFERRED TO BUSINESS & LABOR		
2/06	FISCAL NOTE REQUESTED		
2/12	FISCAL NOTE RECEIVED		
2/16	HEARING		
2/21	TAKEN FROM COMMITTEE	51	40
2/23	2ND READING PASSED AS AMENDED	58	38
2/25	3RD READING PASSED	69	25
	TRANSMITTED TO SENATE		
3/02	REFERRED TO BUSINESS & INDUSTRY		
3/05	REFERRED TO STATE ADMINISTRATION		
3/23	HEARING		
3/23	COMMITTEE REPORT--BILL CONCURRED		

HOUSE FINAL STATUS

3/28	2ND READING CONCURRED	40	9
3/30	3RD READING CONCURRED	41	9
	RETURNED TO HOUSE		
4/03	SIGNED BY SPEAKER		
4/04	SIGNED BY PRESIDENT		
4/04	TRANSMITTED TO GOVERNOR		
4/09	RETURNED WITH GOVERNOR'S AMENDMENTS		
4/15	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	99	0
4/16	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	89	7
	TRANSMITTED TO SENATE		
4/20	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	49	0
4/21	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	47	2
4/23	SIGNED BY PRESIDENT		
4/23	SIGNED BY SPEAKER		
4/23	TRANSMITTED TO GOVERNOR		
5/11	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 648 EFFECTIVE DATE: 5/11/87		

HB 624 INTRODUCED BY WILLIAMS, M.
ALLOW MUNICIPAL PURCHASES AT AUCTION NOT TO EXCEED
\$25,000

2/05	INTRODUCED		
2/05	REFERRED TO LOCAL GOVERNMENT		
2/11	HEARING		
2/11	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/14	2ND READING PASSED	91	2
2/16	3RD READING PASSED	91	1
	TRANSMITTED TO SENATE		
2/17	REFERRED TO LOCAL GOVERNMENT		
3/05	HEARING		
3/06	COMMITTEE REPORT--BILL CONCURRED		
3/12	2ND READING CONCURRED	49	0
3/14	3RD READING CONCURRED	50	0
	RETURNED TO HOUSE		
3/17	SIGNED BY SPEAKER		
3/17	SIGNED BY PRESIDENT		
3/18	TRANSMITTED TO GOVERNOR		
3/22	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 169 EFFECTIVE DATE: 10/01/87		

HB 625 INTRODUCED BY HANSEN, S., ET AL.
PENALTIES FOR NONPAYMENT OF MUNICIPAL WATER AND
SEWER CHARGES

2/05	INTRODUCED		
2/05	REFERRED TO LOCAL GOVERNMENT		
2/13	HEARING		
2/13	COMMITTEE REPORT--BILL PASSED		
2/16	2ND READING PASSED	87	5
2/17	3RD READING PASSED	93	2
	TRANSMITTED TO SENATE		

1 *623*
2 *House* BILL NO. *623*
3 INTRODUCED BY *Harrington Lynch O'Connell*
4 *Carlton State Representative*
5 *Waller Jackson* *Richard E. Manning*
6 A BILL FOR AN ACT ENTITLED "AN ACT GENERALLY REVISING THE
7 LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE
8 CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE
9 DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A
10 PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE;
11 REQUIRING SUFFICIENT WAREHOUSE INVENTORY TO SERVICE LIQUOR
12 STORES; AMENDING SECTION 16-2-101, MCA; AND PROVIDING AN
13 IMMEDIATE EFFECTIVE DATE."
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15 Section 1. Section 16-2-101, MCA, is amended to read:
16 "16-2-101. Establishment and closure of state liquor
17 stores -- kinds and prices of liquor. (1) (a) The department
18 shall establish and maintain one or more stores, to be known
19 as "state liquor stores", as the department finds feasible
20 for the sale of liquor in accordance with the provisions of
21 this code and the rules made thereunder.
22 (b) The department shall enter into an agency
23 agreement or employ the necessary help to operate said
24 stores and shall designate the duties to be performed by the
25 agent or employees.
26 (c) Once established, a store may not be closed,

1 converted to an agency store, or sold by the department
2 unless:
3 (i) the store is returning less revenue to the state
4 than it would if operated under an agency agreement with the
5 agency store receiving a 10% commission on adjusted gross
6 sales; or
7 (ii) the closure or sale is approved by the
8 legislature.
9 (2) The department may from time to time fix the
10 prices at which the various classes, varieties, and brands
11 of liquor may be sold, and prices shall be the same at all
12 state stores.
13 (3) State liquor stores must be considered for
14 closure, conversion, or sale only when a store lease
15 expires. Prior to the expiration of a lease, the department
16 may conduct a financial profitability analysis using the
17 criteria in subsection (1)(c)(ii). In computing profit
18 levels of state-operated stores, the costs of the licensing
19 bureau and the legal and enforcement division, other than
20 inspection costs directly attributable to liquor stores, may
21 not be included as expenses. The revenue oversight committee
22 must be informed of all plans for conversion, sale, or
23 closure of state liquor stores.
24 (4) All agency stores must receive a 10% commission on
25 adjusted gross sales.

1 (5) The department shall maintain sufficient inventory
2 in the state warehouse in order to meet a monthly service
3 level of at least 97%."

4 NEW SECTION. Section 2. Extension of authority. Any
5 existing authority of the department of revenue to make
6 rules on the subject of the provisions of this act is
7 extended to the provisions of this act.

8 NEW SECTION. Section 3. Effective date. This act is
9 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB623, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the law governing state liquor stores; preventing the closure, conversion, or sale of liquor stores operated by the Department of Revenue unless a store is not operating at a profit or such closure has been approved by the legislature; requiring sufficient warehouse inventory to service liquor stores; and providing an immediate effective date.

ASSUMPTIONS:

1. The change in systems, embodied in this proposal, will not cause a reduction in gallons of liquor or wine sold.
2. Revenue Estimating Advisory Council (REAC) assumptions are the basis for comparison.
3. Liquor and wine consumption (in gallons) was 1,479,164 in FY86 and will be 1,326,919 in FY88 and 1,257,159 in FY89.
4. Liquor profit allocation: 100% general fund.

FISCAL IMPACT:Revenue Impact:

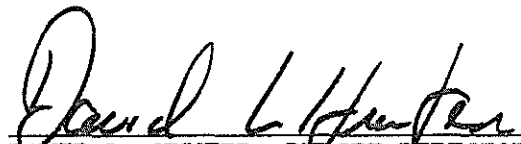
	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Liquor Profit	\$ 4,151,000	\$ 4,047,393	\$ (103,607)	\$ 3,789,000	\$ 3,616,891	\$ (172,109)

Expenditure Impact:

Operating Expenses	\$ 6,816,000	\$ 6,919,607	\$ 103,607	\$ 6,764,000	\$ 6,936,109	\$ 172,109
--------------------	--------------	--------------	------------	--------------	--------------	------------

FUND INFORMATION:

General Fund	\$ 4,151,000	\$ 4,047,393	\$ (103,607)	\$ 3,789,000	\$ 3,616,891	\$ (172,109)
--------------	--------------	--------------	--------------	--------------	--------------	--------------

 DATE 2/12/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 2/13
 DAN HARRINGTON, PRIMARY SPONSOR

Fiscal Note for HB623, as introduced.

HB 623

STATUS SHEET

50th LEGISLATIVE SESSION

BUSINESS AND LABOR

COMMITTEE

BILL NUMBER	ENTERED COM. DATE	DATE CON- SIDERED	OUT OF COM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMENDED DATE	DO NOT PASS AS AMENDED DATE	BE CON- CURRED IN DATE	BE NOT CON- CURRED IN DATE	BE CON- CURRED IN AMENDED DATE	BE NOT CONCURRED IN AS AMENDED DATE
586	2/3/87	2/10/87	tabled 2/10/87			lifted 2/24/87					
593	2/5/87	2/9/87	2/16/87			2/16/87					
594	2/5/87	2/16/87	tabled 2/16/87								
618	2/6/87	2/11/87	tabled 2/11/87								
622	2/06/87	2/12/87	2/12/87	2/12/87							
623	2/5/87	2/16/87	tie vote								
626	2/6/87	2/12/87	2/12/87	2/12/87							
640	2/9/87	2/12/87	2/12/87			2/12/87					
648	2/10/87	2/13/87	2/14/87			2/14/87					
654	2/10/87	2/13/87	2/18/87			2/18/87					
669	2/10/87	2/13/87	2/13/87	2/13/87							
689	2/12/87	2/16/87	2/16/87	2/16/87							
691	2/13/87	2/16/87	2/16/87			2/16/87					
694	2/13/87	2/13/87	tabled 2/14/87								

Use a separate sheet for Senate Bills, House Bills, and Resolutions.

explained some of the differences in the educational requirements.

Gary Lucht, Vice President, Montana Barber College Owners Association, and owner of schools. Mr. Lucht stated that there are associations within the state that represent the various parts of the profession. He commented that it was decided by the Montana Supreme Court in 1980 that there is no standardization between cosmetology schools and barber schools and there is not a standardized textbook or instructors and all the other things that go along with it. He said these are the things that need to be addressed and debated with the associations and schools.

Don Hawkinson, owner of barber and beauty shop, Butte. Mr. Hawkinson stated that the bill had problems because when they wrote the barber law, it had to comply with state reciprocity laws. He said the state Cosmetology Association and the United Professional Barbers view is to work on the bill for two years to rewrite it in proper form and perspective to present it at the next legislative session.

Bev Ball, Great Falls. Ms. Ball stated that she was concerned, as a cosmetology school owner, how a curriculum would be developed to meet the needs of the intent to cross over the fields. She said the bill is very vague.

Don Anderson, former board member of Montana State Board of Barbers, Stanford. Mr. Anderson stated the bill was irresponsible legislation, and that both cosmetologists and barbers are functioning in an orderly fashion without the bill.

QUESTIONS

None.

CLOSING

Rep. Cody commented that the bill states under each section, "a licensed cosmetologist who has been engaged in the active practice of cosmetology for at least 3 of 5 years prior to application", and the same language is used for a barber. She said in response to the question of how the schools would establish the curriculum, this can be done through the boards. She added that the bill doesn't address testing so that could be developed by each board.

HOUSE BILL NO. 623 - Prevent Closure or Sale of Profitable Liquor Stores. Rep. Dan Harrington, House District No. 68, Butte. Rep. Harrington stated that the purpose of this bill is to allow the Department the same basis as at present, but

sets up a basis that the store must maintain a 10 percent profit. He said it also mandates that the Department of Revenue has a responsibility to continue inventory at a certain level. An important point, he said, was that all of the grade 12, 11, 10, 9 and 8 stores are running at a profit, with the lowest from 10.3 to a 15.3 range, and the agency stores are also profitable. He added the reason there is state control over the liquor stores as stated in the state liquor act, is that the restrictions, regulations and provisions contained in this act are enacted by the legislature for the protection, health, welfare and safety of the people of Montana. He submitted information on the facts on the profit margin of the agency stores. Exhibit No. 1.

PROPOSERS

Claudia Clifford, representing the United Food and Commercial Workers, that represents the employees in the liquor stores. Ms. Clifford submitted written testimony. Exhibit No. 2.

Patty Scott, owns building that Liquor Store occupies, East Helena. Ms. Scott stated that aside from the philosophical question of whether or not the state should be in the retail liquor business; the fact remains that it is, and until such time that all can agree on how to get out of it the point is that even though the state is in the business, the state is making a profit. She stated that as long as the state is in the business, the bill by Rep. Harrington is the best way to maximize the profits. She submitted data from the Department's last financial report that the state did make a profit in fiscal year 1985-1986 of \$367,528, an 8.46% increase. She commented that on the second page the data compared the East Helena store to what it would have brought in for the state had it been an agency store at a 10% commission. She added that there is a certain level of stores that make more for the state under the 10% commission than they do as state stores. She said that this bill best covers and makes the changes to the system as it is now to maximize the profits. Exhibit No. 3.

Warren L. Peterson, employee of state liquor store, Billings. Mr. Peterson submitted written testimony. Exhibit No. 4.

Dan Faulkner, agent, Walkerville Liquor Store, Walkerville. Mr. Faulkner stated that the agency store system does work well, and as further stores are converted, greater profits in revenue will be recognized.

OPPONENTS

None.

QUESTIONS

None.

CLOSING

Rep. Harrington stated this bill basically maintains the same system but also regulates the Department of Revenue in what direction they can move. He said this bill will essentially continue in the direction of keeping these people working in the liquor stores and maintaining a profitable situation. If it is not profitable, he added, then it can move in the direction of an agency store, and if it does because it does not meet the profits mandated by the bill, it still maintains the fact that these stores can become independent from any other type of business, as a liquor store, which is important in the state of Montana, with the 10% profit margin that is mandated throughout the bill.

HOUSE BILL NO. 594 - Montana Motor Fuel Marketing Act, sponsored by Rep. Dan Harrington, House District No. 68, Butte. Rep. Harrington stated that this bill is referred to as a fair marketing act concerning the sale of motor fuel in the state of Montana. He said the unfair competition in the marketing of motor fuels occurs whenever the costs associated with the market in motor fuels are recovered from other operations allowing the refined motor fuel product to be sold at subsidized prices, or selling below the cost.

PROPOSERS

Doug Alexander, President of Montana Petroleum Marketers Association, Bozeman. Mr. Alexander stated a good name for this bill would be the predatory pricing bill. Predatory pricing occurs in the marketing of motor fuels whenever costs associated from that marketing procedure are recovered from other operations, allowing the refined motor fuel products to be sold at subsidized prices. He said subsidies most commonly occur in one of three ways: 1) when refineries use profits from the refining of crude oil to cover below costs or negative returns earned from motor fuel marketing operations, 2) when a marketer with more than one location uses profits from one location to cover losses from below cost selling of motor fuel at another location, 3) when a business uses profits of non-motor fuel sales to cover losses from below cost selling of motor fuel. He commented when this happens, independent oil marketers such as

dealers, distributors and wholesalers, are unable to survive predatory subsidized pricing at the market level with these instances mentioned. He said this is a consumer bill and not a bill that regulates the retail price of motor fuel in any way.

William Nooney, High Noon Petroleum, Missoula. Mr. Nooney stated the marketing inequities addressed in the bill do exist. He said that large marketers do subsidize at or below cost selling, and they do it through subsidies or profits from non-petroleum sales. He commented that they use the profits from other high margin petroleum sales in other cities where they've already eliminated the competition and use the profits from other diverse operations to subsidize at or below cost selling. He added that the large vertically integrated marketers, those involved in crude oil production, refining transportation, wholesale marketing and retail marketing have a decided advantage because they can sell at or below cost to create a profit center, be it for refining or crude oil production or whatever. He commented that this bill will enhance competition by keeping more people in the market place; it does not determine prices, but only sets a minimum margin so hopefully the small independent marketer can survive.

John Taggart, President, Automotive Trades of Montana. Mr. Taggart stated they support this bill on behalf of the dealers.

OPPONENTS

Ward Shanahan, representing Chevron Corporation. Mr. Shanahan submitted written testimony. Exhibit No. 5.

Janelle Fallan, Executive Director, Montana Petroleum Association. Ms. Fallan submitted written testimony. Exhibit No. 6. She also submitted testimony for the Exxon Company. Exhibit No. 7.

QUESTIONS

Rep. Driscoll asked Mr. Shanahan if there is a regulatory body that would stop a gas station owner from selling gas at such a low price that it would force another that could not lower the prices out of business. Mr. Shanahan responded he couldn't answer for the refinery; there may be a contract arrangement between the refinery and that person on an agreed price for the delivery of the gas, but it seems that the marketer through the refinery should be allowed to drop the price to meet the competition, and the Federal Trade Commission should have some say over this. He said the

problem with this bill is it doesn't provide any regulation for this happening.

Chairman Kitselman asked under subsection 2, page 2, how do you determine what a reasonable cost of doing business is between stations. Mr. Shanahan responded that in any price regulation area, price regulations have to be published in order to define these things, otherwise they would have to determine what a reasonable cost is between the two people who are embroiled in the law suit. He said it is a court determination.

Chairman Kitselman asked, on line 22, page 2, if that margin of 6% meant guaranteeing a 6% minimum profit. Mr. Shanahan responded that it guarantees a minimum margin, but there are a number of areas to go over before that point.

CLOSING

Rep. Harrington stated that the most important part of the bill is the point of distribution of that gasoline. He said there is no way to avoid lawsuits if there is price fixing, or unfair practice as far as other distributors are concerned within an area. He commented that in this bill the one distinction is that the point of distribution is declared as far as the gasoline is concerned. He said it is wrong when big fuel sellers can distribute their fuels and make enough profit around the state that they can subsidize other stations in order to drive other people out with unfair marketing practices, and this bill will correct that.

HOUSE BILL NO. 691 - Revise Rate Regulation of Small Telephone Companies, sponsored by Rep. Dorothy Bradley, House District No. 79, Bozeman. Rep. Bradley stated that this bill is supposed to save money for the consumers of small telephone companies, and it cuts down the whole process to make it cheaper for the consumers. She explained the provisions of the bill, and said that the purpose of this bill is that it would be far less costly to the small consumers. She commented that it takes approximately \$50,000 to go through this process, and by the time you have the lawyers, accountants, and the other individuals involved and that sum of money is spread among 1200 consumers, the amount is about \$40 per consumer. She added that may be as much or more than the rate increase is even for, so to go through the process doesn't make good sense.

PROPONENTS

Jay Preston, Vice President, Ronan Telephone Company. Mr. Preston submitted written testimony. He also submitted

10%, because the companies know exactly the number of subscribers. She said she has no problem with Rep. Glaser's amendment, but that information is easy to determine, and is not an objection to this bill. The reason that there is no evidence that the regulation is burdensome at this point, she said, is because these companies have been avoiding going through this process for a long period of time for the simple reason that they believe it is burdensome. She added, there isn't a lot of evidence on the record because they are avoiding the whole thing.

HOUSE BILL NO. 689 - Workers Compensation Independent Contractor Exemption Effective Until Changed, sponsored by Rep. Bernie Swift, House District No. 64, Hamilton. Rep. Swift stated that this bill provides under the Workers Compensation Act, that the independent contractor's exemption status remains in effect until the independent contractor notifies the Workers Compensation Division of a change in his status.

PROPOSERS

None.

OPPOSERS

Hiram Shaw, Workers Compensation Division, stated he would be available to answer any questions.

CLOSING

Rep. Swift made no further comments.

EXECUTIVE ACTION

ACTION ON HOUSE BILL NO. 623

Chairman Kitselman referred House Bill No. 623 to a subcommittee composed of Rep. Jones, Rep. Simon, and Rep. Pavlovich, with Rep. Jones as chairman.

ACTION ON HOUSE BILL NO. 689

Rep. Jones moved that House Bill No. 689 DO PASS. The motion carried unanimously.

ACTION ON HOUSE BILL NO. 691

Rep. Brandewie moved that House Bill No. 691 DO PASS.

Rep. Glaser moved the amendments, on page 2, line 12, after "build" strike the word "account" and insert "line", to

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 16, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

159 AND 60	NET	UNIT	RLO	UPMH	SALARIES	%	% RENT	CONT	% CONT	SQUARE	12 MONTH	PROFIT	PROFIT	TOTAL	EXP	PROFIT	SALES	EXPENSE		
STORE	ADJ GROSS	TAXES	SALES	SALES	%	BA	SALARY	RENT	NET	FEET	AVE VALUE	MARGIN	EXPENSES	LMT	/UNIT	/UNIT	/UNIT			
			FY86				NET SLS	SALES	NET SALES	AGE	INVENTORY			/STORE						
LIMA 82	\$29,063	\$5,944	\$23,139	\$3,203	45X				\$2,415	10.3956X	\$20,451	\$2,828	12.221	\$3,860	16.42X	\$0.68	\$9.18	\$1.19		
ARLEE 84	\$48,364	\$9,852	\$38,512	\$6,727	29X				\$3,760	9.8064X	\$18,250	\$5,379	13.971	\$5,350	15.21X	\$0.80	\$7.13	\$0.97		
DARBY-85	\$75,821	\$15,348	\$60,473	\$8,898	41X				\$6,352	10.5033X	\$25,856	\$7,929	13.111	\$9,573	15.83X	\$0.89	\$8.52	\$1.08		
ASHLAND 88	\$28,215	\$5,730	\$22,485	\$6,678	31X				\$2,236	9.9434X	\$14,813	\$2,452	10.902	\$1,973	22.12X	\$0.37	\$4.23	\$0.74		
CULBERTSON 89	\$47,083	\$9,347	\$37,735	\$6,144	64X				\$3,751	9.9413X	\$30,398	\$4,915	13.02X	\$5,990	15.87X	\$0.80	\$7.66	\$0.97		
KED LAKE 90	\$29,301	\$5,806	\$23,495	\$5,871	26X				\$2,206	9.3912X	\$21,303	\$1,997	8.50X	\$4,215	17.94X	\$0.52	\$7.57	\$1.09		
BRIDGER 91	\$40,356	\$8,139	\$32,217	\$5,672	59X				\$2,967	9.2726X	\$18,604	\$4,186	12.95X	\$5,199	16.14X	\$0.74	\$7.11	\$0.92		
WESTBY 93	\$12,142	\$2,485	\$9,657	\$1,625	100X				\$736	9.6913X	\$10,039	\$839	8.69X	\$1,845	17.11X	\$0.53	\$7.47	\$1.14		
NASHUA 95	\$23,550	\$4,829	\$18,722	\$3,135	46X				\$1,894	10.1163X	\$10,979	\$1,845	9.85X	\$3,522	18.81X	\$0.59	\$7.51	\$1.12		
BIG SANDY 97	\$52,871	\$10,804	\$42,067	\$7,393	64X				\$4,094	9.7310X	\$24,169	\$5,245	12.47X	\$6,417	15.25X	\$0.71	\$7.15	\$0.87		
STOCKETT 99	\$34,627	\$7,082	\$27,546	\$4,604	83X				\$2,593	9.4126X	\$16,464	\$3,780	13.72X	\$4,144	15.64X	\$0.62	\$7.52	\$0.90		
SACO 103	\$27,622	\$5,599	\$22,023	\$3,684	98X				\$2,104	9.5514X	\$17,837	\$2,535	11.51X	\$3,757	17.06X	\$1.69	\$7.50	\$1.02		
WHITEHALL 104	\$90,213	\$18,267	\$71,945	\$10,971	62X				\$7,032	9.7747X	\$27,242	\$10,656	14.81X	\$10,097	14.03X	\$0.97	\$8.22	\$0.92		
SHERIDAN 105	\$89,592	\$17,926	\$71,666	\$11,222	55X				\$7,221	10.0762X	\$45,820	\$9,452	13.19X	\$10,808	15.08X	\$0.84	\$7.98	\$0.96		
FLAINS 108	\$81,822	\$16,524	\$65,299	\$9,598	46X				\$6,483	9.9277X	\$15,310	\$7,459	14.49X	\$9,668	14.81X	\$0.99	\$8.52	\$1.01		
KEVIN 111	\$28,785	\$5,849	\$22,936	\$3,961	72X				\$2,393	10.3878X	\$16,923	\$2,552	11.13X	\$3,884	16.93X	\$0.64	\$7.27	\$0.98		
LINCOLN 112	\$99,005	\$19,690	\$79,316	\$11,523	49X				\$8,144	10.3596X	\$32,732	\$11,679	14.90X	\$10,695	13.66X	\$1.01	\$8.51	\$0.93		
DUTTON 113	\$27,766	\$5,674	\$22,092	\$3,559	53X				\$2,235	10.1161X	\$13,530	\$2,680	12.13X	\$3,403	15.40X	\$0.75	\$7.80	\$0.96		
STEVENSVILLE 115	\$59,116	\$10,198	\$48,918	\$6,106	11X				\$3,689	9.2403X	\$13,894	\$5,878	14.73X	\$5,874	14.72X	\$0.96	\$6.21	\$0.91		
WILSALL 117	\$31,549	\$6,402	\$25,147	\$3,993	97X				\$2,507	9.8592X	\$10,264	\$3,473	13.81X	\$3,974	15.80X	\$0.87	\$7.90	\$1.00		
WORDEN 118	\$56,747	\$11,632	\$45,115	\$7,094	74X				\$4,221	9.3556X	\$34,259	\$5,652	12.53X	\$6,873	15.23X	\$0.80	\$8.00	\$0.97		
FAIRVIEW 120	\$39,876	\$7,934	\$31,942	\$5,318	40X				\$3,146	9.9114X	\$15,112	\$3,639	11.39X	\$5,749	19.09X	\$0.68	\$7.50	\$1.08		
MANHATTAN 121	\$26,726	\$5,352	\$21,374	\$3,840	37X				\$1,986	9.1153X	\$31,472	\$3,084	14.43X	\$3,001	14.04X	\$0.80	\$6.56	\$0.78		
SEELEY LAKE 122	\$114,151	\$22,981	\$91,170	\$13,120	43X				\$7,921	10.8819X	\$31,592	\$11,827	13.03X	\$14,487	15.87X	\$0.91	\$8.70	\$1.13		
NOXON 129	\$39,584	\$7,998	\$31,585	\$4,443	48X				\$3,425	10.8444X	\$22,441	\$3,567	11.29X	\$5,422	17.17X	\$0.80	\$6.91	\$1.22		
FAIRFIELD 130	\$46,486	\$9,309	\$37,176	\$5,781	48X				\$3,484	9.3721X	\$26,876	\$5,442	14.64X	\$5,278	14.20X	\$0.94	\$8.04	\$0.91		
DUPUYER 131	\$18,038	\$3,678	\$14,359	\$5,371	43X				\$1,492	10.3938X	\$11,330	\$1,631	12.75X	\$2,631	18.32X	\$0.54	\$5.75	\$0.78		
WALKERVILLE 137	\$272,630	\$55,593	\$217,036	\$31,738	69X				\$20,667	9.5224X	\$55,911	\$33,464	15.42X	\$20,236	13.01X	\$1.05	\$9.59	\$0.89		
ALBERTON 138	\$34,679	\$7,029	\$27,650	\$3,929	43X				\$2,775	10.0370X	\$19,064	\$3,623	13.10X	\$4,531	16.39X	\$0.52	\$8.83	\$1.15		
GEYSER 156	\$11,010	\$2,216	\$8,793	\$1,516	101X				\$839	9.5378X	\$6,927	\$1,296	14.67X	\$1,436	16.33X	\$0.85	\$7.26	\$0.75		
WINIFRED 160	\$30,991	\$6,369	\$24,622	\$4,077	60X				\$2,414	9.8062X	\$12,239	\$2,874	11.67X	\$3,975	16.15X	\$0.70	\$7.60	\$0.98		
HOBSON 161	\$30,612	\$6,166	\$24,446	\$4,007	55X				\$2,409	9.8192X	\$20,193	\$2,911	11.91X	\$4,035	16.50X	\$0.73	\$7.64	\$1.01		
ABSAKKEE 167	\$104,795	\$21,034	\$83,751	\$12,485	62X				\$8,464	10.1056X	\$33,662	\$11,973	14.30X	\$12,290	14.67X	\$0.96	\$8.39	\$0.96		
ST. REGIS 185	\$80,182	\$16,401	\$63,781	\$10,959	47X				\$7,002	10.9775X	\$6,825	\$6,877	10.78X	\$10,627	16.66X	\$0.63	\$7.32	\$0.97		
JACKSON 188	\$7,310	\$1,445	\$5,865	\$920	52X				\$647	11.0368X	\$44,289	\$698	11.90X	\$1,603	17.09X	\$0.76	\$7.95	\$1.09		
SIG SKY 190	\$106,052	\$21,820	\$84,232	\$13,272	52X				\$5,862	9.9597X	\$21,568	\$14,834	17.61X	\$9,535	11.32X	\$1.12	\$7.97	\$0.72		
E GLACIER 191	\$34,690	\$6,620	\$28,069	\$4,263	37X				\$3,265	11.6332X	\$21,568	\$3,095	11.03X	\$4,903	17.47X	\$0.73	\$8.14	\$1.15		
LELO 192	\$272,841	\$55,042	\$217,800	\$34,438	53X				\$21,221	9.7432X	\$71,464	\$28,683	13.17X	\$30,850	14.15X	\$0.83	\$7.92	\$0.90		
COLSTRIP 194	\$89,344	\$17,905	\$71,440	\$15,031	52X				\$6,412	8.9758X	\$28,265	\$9,218	12.96X	\$11,442	16.62X	\$0.61	\$5.94	\$0.78		
	\$5,233,138	\$1,057,397	\$4,175,741	\$64,016					\$407,372	9.7557X		\$564,741	13.52X	\$622,929	14.92X	\$0.85	\$7.88	\$0.94		
GRADE 12	\$4,965,410	\$1,002,663	\$3,962,747	\$54,438			\$214,044	5.40X	\$95,763	2.12X	\$7,192	0.1815X	\$1,044,463	\$806,493	15.30X	\$502,790	12.69X	\$0.93	\$7.59	\$0.77
GRADE 11	\$8,496,234	\$1,711,760	\$6,784,474	\$1,067,361			\$457,388	6.74X	\$159,232	2.36X	\$12,570	0.1853X	\$1,771,859	\$1,262,264	14.18X	\$932,660	13.75X	\$0.90	\$7.96	\$0.87
GRADE 10	\$3,976,303	\$803,774	\$3,172,529	\$51,242			\$248,666	7.84X	\$98,687	3.11X	\$967	0.0365X	\$953,680	\$603,573	12.72X	\$505,293	15.93X	\$0.79	\$7.75	\$0.98
GRADE 9	\$1,753,347	\$352,981	\$1,400,366	\$230,749			\$131,631	9.40X	\$45,792	3.27X	\$149	0.0106X	\$522,731	\$144,460	10.32X	\$253,419	18.10X	\$0.63	\$7.60	\$1.10
GRADE 8	\$1,416,424	\$286,615	\$1,129,809	\$183,287			\$123,110	10.90X	\$32,769	2.90X	\$2,089	0.1849X	\$439,582	\$101,425	8.98X	\$218,720	19.36X	\$0.55	\$7.73	\$1.19
SUBTOTAL	\$20,607,719	\$4,157,793	\$16,449,926	\$2,649,077			\$1,174,839	7.14X	\$433,243	2.63X	\$22,967	0.1396X	\$4,732,315	\$2,218,214	13.48X	\$2,412,882	14.67X	\$0.84	\$7.78	\$0.91
STATE STORES																				
AGENCIES	\$5,233,138	\$1,057,397	\$4,175,741	\$64,016			\$0	0.00X	\$0	0.00X	\$437,372	9.7557X	\$1,737,585	\$564,741	13.52X	\$622,929	14.92X	\$0.85	\$7.88	\$0.94
TOTAL	\$25,840,857	\$5,215,190	\$20,625,667	\$3,313,093			\$1,174,839	5.70X	\$433,243	2.10X	\$430,339	2.0844X	\$6,669,900	\$2,782,955	13.49X	\$3,035,811	14.72X	\$0.84	\$7.80	\$0.92

EXHIBIT

DATE 2/16/2023

HB

EXHIBIT
DATE 2/16/87
HB 223

OUTLET PROFILE -2ND QUARTER FY 87

#59 AND 60 STORE	ADJ GROSS	TAXES	NET SALES	UNIT SALES FY86	RLO %	UPH 86	SALARIES... %	% RENT	CONT SERV	% CONT SERV	SQUARE FOOT -AGE	12 MONTH AVE VALUE INVENTORY	PROFIT MARGIN	PROFIT MARGIN	TOTAL EXPENSES	EXP LMT /STORE	PROFIT /UNIT	SALES /UNIT	EXPENSE /UNIT
SHELBY 29	\$150,182	\$30,425	\$119,757	\$18,945	52%	15.40	\$11,018 9.20%	\$2,100 1.75%	\$112	0.0936%	2,940	\$80,152	\$13,692 11.43%	\$19,838	16.57%	\$0.72	\$7.93	\$0.90	
FORT BENTON 31	\$93,271	\$18,568	\$74,703	\$12,527	50%	12.14	\$7,994 13.38%	\$2,155 2.89%	\$39	0.0518%	1,350	\$31,892	\$4,117 5.51%	\$17,008	22.77%	\$0.33	\$7.45	\$1.68	
CONRAD 33	\$147,924	\$29,781	\$118,144	\$18,842	43%	18.77	\$10,596 8.97%	\$4,200 3.55%	\$148	0.1251%	1,576	\$50,519	\$11,179 9.46%	\$20,995	17.77%	\$0.59	\$7.85	\$0.93	
GARDINER 58	\$68,706	\$13,828	\$54,877	\$9,143	51%	6.56	\$12,067 21.99%	\$2,100 3.83%	\$20	0.0363%	741	\$17,150	\$11,602 -2.92%	\$17,452	31.82%	\$0.18	\$7.51	\$1.74	
TROY 70	\$104,982	\$21,547	\$83,434	\$12,716	48%	12.46	\$11,024 13.21%	\$1,925 2.31%	\$36	0.0428%	1,200	\$24,566	\$5,916 7.09%	\$17,720	21.24%	\$0.47	\$8.26	\$1.90	
EAST HELENA 83	\$167,432	\$34,209	\$133,223	\$20,828	48%	19.94	\$10,541 7.91%	\$6,014 5.11%	\$1,540	1.1557%	2,500	\$37,694	\$14,149 10.62%	\$21,196	18.16%	\$0.68	\$8.04	\$1.15	
ROMAN 101	\$154,510	\$31,353	\$123,157	\$20,428	45%	18.95	\$12,849 10.43%	\$2,450 1.99%	\$45	0.0362%	2,000	\$40,499	\$13,450 10.92%	\$21,593	17.53%	\$0.66	\$7.58	\$1.05	
VICTOR 172	\$92,630	\$18,457	\$74,173	\$12,009	42%	12.25	\$10,574 14.26%	\$4,200 5.66%	\$0	0.0000%	1500	\$31,169	\$2,292 3.09%	\$18,819	25.37%	\$0.19	\$7.71	\$1.57	
	\$1,416,424	\$286,615	\$1,129,809	\$183,287			\$123,110 10.90%	\$32,769 2.90%	\$2,089	0.1849%			\$101,425 8.98%	\$218,720	19.36%	\$0.55	\$7.73	\$1.19	
THOMPSON FALLS 7	\$101,926	\$20,665	\$81,262	\$12,478	41%				\$7,968	9.8294%		\$40,690	\$10,339 12.72%	\$11,723	14.67%	\$0.83	\$8.17	\$0.75	
HYSHAM 10	\$17,215	\$3,484	\$13,732	\$2,171	47%				\$430	3.1280%		\$13,712	\$2,466 17.95%	\$1,217	8.82%	\$1.14	\$7.93	\$0.54	
COLUMBUS 16	\$79,044	\$15,771	\$63,272	\$9,569	40%				\$5,170	9.7509%		\$25,038	\$8,276 13.08%	\$7,377	14.82%	\$0.97	\$3.27	\$0.78	
BIG TIMBER 17	\$117,978	\$23,133	\$94,845	\$14,935	35%				\$7,248	5.7506%		\$29,466	\$13,793 14.54%	\$13,642	14.38%	\$0.92	\$7.90	\$0.91	
WIDAU 19	\$12,058	\$2,449	\$9,609	\$1,610	85%				\$660	6.8732%		\$8,939	\$971 10.31%	\$1,693	17.62%	\$0.52	\$2.47	\$1.05	
TERRY 20	\$36,069	\$7,188	\$28,881	\$5,029	52%				\$2,789	9.6584%		\$17,712	\$2,858 9.90%	\$5,096	17.64%	\$0.57	\$7.17	\$1.01	
PHILIPSBURG 25	\$65,467	\$13,081	\$52,386	\$8,338	60%				\$5,234	9.9920%		\$22,420	\$5,754 12.89%	\$7,859	15.02%	\$0.81	\$7.85	\$0.94	
CHINGOK 28	\$150,394	\$30,505	\$119,889	\$22,569	61%				\$11,466	9.5807%		\$32,122	\$17,201 14.75%	\$17,633	14.71%	\$0.76	\$6.66	\$0.75	
SUPERIOR 30	\$55,092	\$13,537	\$41,555	\$8,519	45%				\$5,141	9.7983%		\$12,763	\$7,258 13.63%	\$8,060	15.36%	\$0.85	\$7.75	\$0.95	
CHOTEAU 34	\$79,583	\$16,027	\$63,556	\$9,870	100%				\$6,293	9.9697%		\$19,649	\$8,662 13.52%	\$9,364	14.73%	\$0.87	\$8.06	\$0.95	
CHESTER 35	\$76,093	\$15,277	\$60,816	\$10,436	49%				\$5,616	9.2481%		\$28,792	\$7,073 11.65%	\$10,715	14.35%	\$0.58	\$7.28	\$0.84	
W.S. SPRINGS 36	\$63,952	\$12,972	\$50,980	\$7,275	55%				\$5,137	10.0773%		\$16,947	\$7,158 14.04%	\$7,442	14.69%	\$0.98	\$6.79	\$1.02	
HARLOWTON 38	\$76,197	\$15,367	\$60,830	\$10,393	61%				\$5,412	8.8963%		\$21,330	\$8,639 14.20%	\$8,549	14.05%	\$0.83	\$7.33	\$0.82	
WINNETT 39	\$16,652	\$3,353	\$13,299	\$2,263	0%				\$1,336	10.6492%		\$11,460	\$1,536 11.55%	\$2,178	16.38%	\$0.69	\$7.36	\$0.76	
BROADUS 40	\$64,438	\$12,834	\$51,604	\$8,777	57%				\$5,657	9.7993%		\$38,487	\$5,916 11.46%	\$8,791	17.04%	\$0.67	\$7.34	\$1.00	
ETALAKA 41	\$6,605	\$1,336	\$5,269	\$838	92%				\$969	18.3876%			\$253 4.80%	\$1,132	21.47%	\$0.30	\$7.88	\$1.35	
BAKER 42	\$110,700	\$22,477	\$88,223	\$12,642	58%				\$8,466	9.5957%		\$42,038	\$10,975 12.44%	\$13,188	14.95%	\$0.97	\$8.76	\$1.04	
STANFORD 43	\$45,583	\$9,146	\$36,437	\$6,647	45%				\$3,612	9.9119%		\$16,591	\$5,315 14.59%	\$5,874	16.12%	\$0.89	\$6.86	\$0.88	
ROUNDUP 44	\$85,391	\$17,330	\$68,061	\$11,254	96%				\$6,535	9.6012%		\$31,614	\$9,001 13.22%	\$9,971	14.65%	\$0.80	\$7.59	\$0.89	
JORDAN 46	\$26,840	\$5,418	\$21,422	\$3,260	49%				\$2,064	9.6351%		\$22,725	\$2,131 9.95%	\$3,538	16.52%	\$0.65	\$8.23	\$1.09	
CIRCLE 47	\$34,922	\$7,137	\$27,785	\$4,579	61%				\$2,659	9.5713%		\$15,012	\$3,425 12.33%	\$4,563	16.42%	\$0.75	\$7.63	\$1.00	
RYEGATE 48	\$17,801	\$3,614	\$14,187	\$2,272	54%				\$1,438	10.1349%		\$10,606	\$1,544 10.86%	\$2,469	17.41%	\$0.68	\$7.63	\$1.09	
TOWNSEND 49	\$89,520	\$18,053	\$71,466	\$10,976	47%				\$6,991	9.7817%		\$25,445	\$10,381 14.53%	\$9,801	13.71%	\$0.95	\$8.16	\$0.87	
SCOREY 51	\$66,778	\$13,379	\$53,398	\$8,869	55%				\$4,916	9.2071%		\$20,218	\$6,333 11.86%	\$8,686	16.27%	\$0.71	\$7.53	\$0.93	
BOULDER 56	\$84,649	\$17,052	\$67,597	\$10,129	55%				\$5,067	10.1525%		\$26,112	\$9,803 14.50%	\$9,599	14.07%	\$0.97	\$8.36	\$0.94	
ENNIS 60	\$147,094	\$29,315	\$117,779	\$16,635	47%				\$12,898	10.9511%		\$45,192	\$15,929 13.52%	\$17,837	15.14%	\$0.96	\$8.64	\$1.07	
HOT SPRINGS 61	\$29,242	\$5,916	\$23,326	\$3,949	40%				\$2,228	9.5495%		\$8,340	\$2,963 12.70%	\$4,033	17.29%	\$0.75	\$7.40	\$1.02	
H. HORSE 62	\$142,859	\$28,937	\$113,922	\$16,791	58%				\$12,013	10.5453%		\$45,586	\$14,127 12.40%	\$17,748	15.58%	\$0.64	\$8.51	\$1.06	
BELI 63	\$48,502	\$9,914	\$38,587	\$5,870	63%				\$3,740	9.6926%		\$20,792	\$5,494 14.24%	\$5,542	14.36%	\$0.94	\$8.26	\$0.94	
MARTINDALE 66	\$16,439	\$3,357	\$13,082	\$2,159	53%				\$1,371	10.4799%		\$11,583	\$1,215 9.29%	\$2,427	18.55%	\$0.56	\$7.61	\$1.12	
EVERGREEN 67	\$149,793	\$30,705	\$119,088	\$18,418	38%				\$9,482	7.9619%		\$24,888	\$19,984 16.76%	\$14,756	12.39%	\$1.09	\$8.13	\$0.83	
BRANDON 68	\$35,874	\$7,301	\$28,573	\$4,227	54%				\$2,787	9.7464%		\$19,686	\$3,965 13.87%	\$4,271	14.74%	\$0.54	\$8.49	\$1.01	
EUREKA 69	\$147,876	\$29,952	\$117,924	\$18,518	54%				\$11,873	10.0666%		\$47,939	\$16,192 13.73%	\$17,335	14.70%	\$0.87	\$7.99	\$0.94	
WISDOM 71	\$18,855	\$3,779	\$15,076	\$2,255	46%				\$1,629	10.8084%		\$17,336	\$1,567 13.05%	\$2,351	15.59%	\$0.87	\$8.26	\$1.04	
THREE FORKS 72	\$70,955	\$14,247	\$56,708	\$8,413	51%				\$5,707	10.0639%		\$33,613	\$7,816 13.78%	\$8,139	14.35%	\$0.93	\$8.43	\$0.77	
ST. IGNATIUS 74	\$63,914	\$12,951	\$50,962	\$8,762	42%				\$4,815	9.4479%		\$20,939	\$7,459 14.64%	\$7,569	14.73%	\$0.85	\$7.29	\$0.86	
FRENCHTOWN 75	\$139,149	\$28,547	\$110,602	\$16,615	75%				\$10,587	9.5725%		\$35,201	\$15,702 14.20%	\$15,267	13.89%	\$0.95	\$8.37	\$0.92	
BELGRADE 76	\$83,154	\$16,892	\$66,262	\$10,916	35%				\$6,242	9.4209%		\$32,403	\$9,649 14.56%	\$9,225	13.92%	\$0.88	\$7.62	\$0.85	
TWIN BRIDGES 77	\$40,093	\$8,057	\$32,036	\$5,129	43%				\$3,238	10.1082%		\$24,898	\$4,225 13.20%	\$4,877	15.22%	\$0.82	\$7.62	\$0.95	
VALIER 78	\$29,960	\$5,896	\$24,064	\$4,071	39%				\$2,172	9.0258%		\$10,058	\$3,408 14.16%	\$3,689	15.33%	\$0.84	\$7.36	\$0.91	
CASCADE 79	\$66,692	\$13,536	\$53,156	\$7,575	52%				\$5,398	10.1556%		\$26,974	\$7,492 14.08%	\$7,605	14.31%	\$0.99	\$8.00	\$1.00	
AUGUSTA 81	\$47,265	\$9,491	\$37,774	\$5,854	58%				\$4,102	10.0583%		\$22,048	\$4,741 12.55%	\$6,035	15.98%	\$0.81	\$8.07	\$1.03	

EXHIBIT
DATE
HB

#59-AND-60	ADJ GROSS	TAXES	NET SALES	UNIT SALES FY86	R/D %	UPH/86	SALARIES	% SALARY NET SLS	% RENT NET SALES	LOUT SERV	% CONT SERV NET SALES	SQUARE FOOT -AGE	12 MONTH AVE VALUE INVENTORY	PROFIT-PROFIT MARGIN	TOTAL EXPENSES	EXP LMT /STORE	PROFIT /UNIT	SALES /UNIT	EXPENSE /UNIT	
BILLINGS 3	1982,547	194,867	787,680	135,798	31%	36.00	45,010	5.71%	20,359	2.58%	1,331	0.1689%	7,250	239,996	107,549	15.65%	108,513	13.78%	7.24	6.80
BILLINGS 4	997,546	204,300	793,246	147,957	76%	35.86	19,122	6.17%	16,905	2.13%	1,713	0.2159%	7,090	217,040	110,810	13.97%	108,625	13.69%	5.74	6.69
GREAT FALLS 139	877,672	175,662	702,070	113,746	39%	33.92	40,435	5.76%	15,750	2.24%	1,177	0.1676%	4,500	184,798	105,286	15.00%	88,290	12.59%	7.72	6.78
MISSOULA 170	967,671	196,318	771,353	116,930	42%	36.94	10,861	5.30%	20,125	2.61%	1,165	0.1510%	5,000	185,423	126,347	16.38%	95,075	12.33%	8.28	8.81
MISSOULA 171	1,139,974	231,576	908,398	140,007	54%	42.96	38,615	4.25%	22,624	2.49%	1,807	0.1989%	6,745	217,206	156,501	17.23%	102,187	11.25%	8.14	6.73
	4,965,410	1,002,663	3,962,747	654,438			214,044	5.40%	95,763	2.42%	7,192	0.1015%			606,493	15.30%	502,790	12.69%	7.59	6.77
HELENA 1	771,566	155,259	616,307	94,051	47%	31.10	36,402	5.91%	21,951	3.56%	1,499	0.2287%	6,500	143,556	93,364	15.15%	81,673	13.25%	6.99	6.20
BUTIE 2	384,586	77,797	306,789	50,392	48%	20.62	32,553	10.61%	10,917	3.56%	2,295	0.7480%	2,515	85,404	28,235	9.29%	60,190	19.62%	5.66	7.63
BILLINGS 5	461,548	92,489	369,059	59,065	55%	29.07	24,329	6.59%	16,771	4.54%	775	0.2641%	5,000	92,810	38,541	10.44%	61,141	16.57%	6.65	7.61
BOZEMAN 9	740,023	146,528	593,495	100,873	54%	35.39	32,563	5.49%	13,375	2.25%	133	0.0223%	5,000	142,838	84,759	14.26%	74,864	12.61%	6.84	7.34
KALISPELL 12	723,846	146,046	577,799	88,714	36%	27.78	36,189	6.26%	5,075	0.86%	275	0.0476%	6,075	118,424	94,560	16.37%	69,261	11.97%	8.16	6.45
MILES CITY 13	392,298	79,306	312,992	49,779	53%	25.53	23,302	7.44%	4,200	1.34%	32	0.0102%	3,750	70,519	42,887	13.70%	43,629	13.94%	6.86	7.63
ANACONDA 14	424,274	85,570	338,704	50,625	48%	16.97	33,004	9.74%	4,023	1.19%	38	0.0112%	3,500	119,134	45,402	13.40%	59,659	14.96%	6.90	8.38
NAVRE 26	497,523	100,888	396,635	53,900	56%	28.31	30,655	7.73%	12,341	3.11%	53	0.0133%	5,240	215,023	49,316	12.43%	61,001	15.39%	7.79	11.20
BUTIE 116	768,516	155,483	613,033	90,561	41%	28.14	40,350	6.58%	13,125	2.14%	2,078	0.3390%	5,000	152,126	93,775	15.30%	81,863	13.35%	8.14	6.49
GREAT FALLS 140	632,623	127,837	504,786	81,030	47%	28.83	33,677	6.67%	9,600	1.94%	1,121	0.2221%	6,270	104,101	77,452	15.34%	66,680	13.21%	6.96	7.31
GREAT FALLS 141	909,391	184,818	724,574	112,123	26%	37.99	36,912	5.09%	12,145	1.66%	1,158	0.1654%	5,205	188,577	121,655	16.75%	79,752	11.61%	8.11	6.71
BOZEMAN 193	431,232	85,571	345,661	56,011	35%	21.03	29,938	8.40%	10,416	3.01%	446	0.3467%	2,796	192,671	34,649	10.02%	57,482	16.63%	6.52	7.70
BILLINGS 196	790,681	159,310	631,372	100,194	46%	39.01	32,900	5.21%	15,344	2.43%	1,233	0.0706%	3,840	140,091	84,839	15.02%	79,715	12.63%	6.95	7.89
HELENA 197	568,127	114,858	453,268	70,043	39%	21.94	35,514	7.93%	10,750	2.37%	1,284	0.2720%	2,902	105,585	62,810	13.86%	54,759	14.29%	6.90	8.11
	8,496,234	1,711,760	6,784,474	1,067,361			457,388	6.74%	160,232	2.36%	12,570	0.1853%		1,771,859	962,264	14.18%	932,660	13.75%	6.90	7.56
LIBBY 5	321,022	65,503	255,519	37,704	43%	28.44	16,328	6.39%	11,302	4.42%	17	0.0047%	2,500	51,682	35,428	13.87%	38,306	14.97%	6.94	8.51
LIVINGSTON 8	399,736	80,555	319,181	48,062	43%	23.29	22,648	7.10%	7,619	2.45%	187	0.0585%	1,915	59,307	47,768	14.97%	43,507	13.63%	6.99	8.12
LEWISTOWN 15	305,280	61,893	243,387	38,738	54%	22.96	21,513	8.84%	3,675	1.51%	1	0.0002%	2,250	92,115	31,915	13.11%	38,529	13.31%	6.82	8.69
HAMILTON 18	402,326	80,394	321,933	48,153	44%	26.70	20,058	6.22%	9,100	2.83%	145	0.0451%	3,000	121,002	49,095	15.25%	43,519	13.52%	8.12	8.26
GLENDIVE 21	274,993	55,676	219,316	35,862	57%	36.19	12,578	5.74%	3,150	1.44%	172	0.0782%	2,500	80,634	33,574	15.31%	27,456	12.52%	6.94	7.57
DILLON 32	296,277	60,158	236,120	35,800	47%	22.42	20,049	8.49%	11,375	4.82%	137	0.0560%	3,233	76,162	25,820	10.94%	42,038	17.80%	6.72	8.28
HARDIN 32	171,153	34,850	136,304	34,758	58%	22.61	19,477	14.29%	3,325	2.44%	12	0.0124%	2,500	55,296	7,629	5.60%	33,291	24.42%	6.22	8.92
SIDNEY 50	249,995	50,362	199,633	20,379	15%	22.45	19,110	9.57%	4,900	2.45%	22	0.0110%	3,592	60,242	19,513	9.77%	34,834	17.45%	6.96	12.27
POLSON 54	351,023	70,694	280,329	42,621	34%	20.76	17,690	6.31%	8,400	3.00%	36	0.0127%	2,640	67,795	41,603	14.84%	38,274	13.65%	6.98	8.24
WHITEISH 64	424,896	85,390	339,506	50,119	45%	22.03	23,636	6.96%	9,275	2.73%	57	0.0169%	3,000	92,633	49,634	14.62%	46,924	13.82%	6.99	8.48
LAUREL 65	222,019	44,951	177,068	28,855	49%	25.75	14,467	8.17%	4,200	2.37%	39	0.0218%	2,100	53,433	25,215	13.11%	27,833	15.72%	6.80	7.69
BROWNING 189	202,590	41,318	161,272	50,731	58%	25.62	15,862	10.46%	3,500	2.17%	25	0.0239%	1,875	49,393	17,331	10.75%	33,842	20.98%	6.60	8.99
KALISPELL 195	354,993	72,031	282,962	41,460	41%	19.15	24,270	8.58%	18,667	6.60%	113	0.0090%	4,000	80,929	21,848	7.44%	58,939	29.83%	6.51	8.56
	3,976,303	803,774	3,172,529	513,242			249,666	7.64%	98,687	3.11%	967	0.0036%			403,573	12.72%	505,293	15.93%	6.79	7.75
																				ERR
GLASGOW 24	198,044	40,172	157,872	25,331	51%	24.90	12,455	7.89%	4,670	2.97%	17	0.0105%	1,408	65,645	18,697	11.84%	25,718	16.29%	6.74	7.82
RED LODGE 27	193,443	39,010	154,433	24,305	59%	15.89	15,256	9.88%	3,850	2.49%	20	0.0130%	2,760	66,715	17,167	11.12%	26,893	17.41%	6.70	7.93
CUT BANK 45	218,820	44,077	174,743	28,012	44%	20.27	15,093	8.64%	5,425	3.10%	18	0.0100%	3,200	83,637	18,447	10.56%	29,388	16.02%	6.66	7.81
WOLF POINT 52	175,683	35,509	140,175	25,977	54%	28.09	13,602	9.70%	4,550	3.25%	10	0.0068%	2,046	41,355	13,254	9.45%	27,095	19.33%	6.51	6.76
PLENTYWOOD 53	189,905	38,272	151,632	24,868	57%	22.82	17,489	8.24%	3,465	2.29%	10	0.0068%	2,046	46,123	16,538	10.91%	25,322	16.70%	6.67	7.44
W YELLOWSTONE 59	198,285	39,472	158,813	23,776	51%	8.72	18,482	11.64%	6,125	3.86%	14	0.0089%	2,000	58,767	13,598	8.51%	31,824	20.04%	6.57	8.34
COLUMBIA FALLS 73	222,462	45,107	177,355	27,414	37%	26.76	16,626	9.37%	8,167	4.60%	28	0.0160%	2,360	48,353	17,312	9.76%	33,214	18.73%	6.63	8.11
POPLAR	114,743	23,182	91,561	22,158	41%	21.61	15,523	10.40%	1,960	2.14%	8	0.0067%	1,736	38,850	8,700	9.50%	19,735	21.55%	6.39	5.18
BIG FORK 179	241,960	48,179	193,781	28,828	47%	13.47	18,186	9.34%	7,560	3.90%	24	0.0124%	2,400	73,286	20,839	10.75%	54,231	17.66%	6.72	8.39
	1,753,347	352,981	1,400,366	230,749			131,631	9.40%	45,792	3.27%	149	0.0103%			144,460	10.32%	253,419	18.10%	6.63	7.60
DEER LODGE 11	156,742	31,958	124,783	19,026	48%	17.80	11,881	9.52%	1,750	1.40%	9	0.0071%	2,159	33,448	17,112	13.71%	19,210	15.39%	6.90	5.24
MALTA 22	160,506	32,472	128,033	20,793	59%	19.01	10,950	8.55%	2,450	1.71%	127	0.0795%	4,106	41,618	15,612	12.19%	29,898	15.32%	6.75	7.72
FORSYTH 23	119,541	24,017	95,525	18,030	49%	16.40	11,615	12.16%	2,625	2.75%	14	0.0156%	2,159	50,895	5,507	5.76%	42,981	21.96%	6.31	6.63

EXHIBIT
DATE
H3

EXHIBIT
DATE
HB



EXHIBIT 2
DATE 2/16/87
HB 623

CHARTERED BY
UNITED FOOD & COMMERCIAL WORKERS INTERNATIONAL UNION
AFLOC & CLC

TESTIMONY IN SUPPORT OF HB 623 PRESENTED BY CLAUDIA CLIFFORD TO HOUSE
BUSINESS AND LABOR, FEBRUARY 16, 1987.

Mr. Chairman, members of the committee, my name is Claudia Clifford and I am here today on behalf of United Food and Commercial Workers to speak in support of House Bill 623. UFCW represents approximately 4,000 workers in Montana, which includes the state liquor store employees.

Proponents of HB 313 and HB 562, as well as many of the proponents here today supporting HB623, all have voiced the same dissatisfaction: The conversion of state liquor stores to agency outlets is objectionable. UFCW strongly opposes the "Liquor Recovery Plan", a plan to convert state liquor stores to agency outlets currently being implemented by the Department of Revenue, for three main reasons. The conversion is an unnecessary loss of decent paying jobs. The conversion process is handing the liquor retail business to the grocery stores as has happened here in Helena. And, the recovery plan has not recovered slipping revenues, but rather liquor revenues are projected to decline in the next biennium.

I question whether the legislature really understood that when it consented to the Department of Revenue's Liquor Recovery Plan that the result would be agency outlets run by grocery stores. That is precisely what has happened here in Helena. Soon the state liquor store on North Montana, a profitable business netting over the recommended 13%, will be closed. The agency bid was awarded to the grocery store owner nearby and the restaurant space next to the grocery store is already being renovated for the liquor retail business.

Agency stores combined with grocery stores is practical for small towns and rural areas. In these areas volume of sales is low and it is not profitable to run state liquor stores. However, for the large volume stores in bigger towns, it is quite a different question to allow grocery stores to take over the liquor business. When Montana considered allowing grocery stores to sell wine and beer, it was voted on by the people. I recommend that you do the same if you want to see liquor sold in the grocery stores.

Understand that the current bidding process in converting state stores to agency outlets attracts bids from grocery stores. Grocery stores have the advantage of being able to bid low because liquor sales will be only supplementary income. Grocery stores also have the incentive to bid low because having liquor for sale will attract more business overall.

Under the Liquor Recovery Plan even profitable state liquor stores are being converted. This is an unnecessary loss of decent paying jobs to many communities. In converting to agencies, the state will lay off 150 people, including part-time workers. There are no provisions to help these people find another job. Generally, agents can only afford to offer low wage jobs. Therefore, the local economy loses the expendable income of the state jobs, and loses it unnecessarily. Wages for the state liquor store workers comes out of the revenue from sales. Where the state has profitable stores it does not make sense to convert to agency outlets, a loss of income to local economies.

The only way the state could make a few more dollars by converting profitable stores to agencies is by paying low commissions, which only the grocery stores can afford. Opening agency outlets in grocery stores is controvercial and something I think that the legislature would want to debate openly.

I also question whether the Recovery Plan is recovering revenues as it is intended to. Before the Recovery Plan was implemented, liquor revenue profits increased 8.16% for FY 86, that's up \$367,000, over FY 85. The Liquor Recovery Plan began to be implemented at the beginning of FY 87. Comparing profits from the first two quarters of FY 87 and the same period of FY 86, profits have decreased 12.8% under the Recovery Plan. The Governor's Budget projects a continued decline of liquor revenue with the plan. For FY 88 revenues are projected to decline 12.6%. For FY 89 another decrease of 8.73%. I won't predict that retaining the state store system will curtail this decline in revenue, but purposely cutting decent paying jobs, and sacrificing state control over the large volume sales of liquor sales does not make sense.

HB 623 is designed to allow the state to stay in control of liquor sales as long as it is practical. The legislature needs to consider whether it wants to allow grocery stores to become agency liquor outlets which is possible under the Liquor Recovery Plan. I urge this committee to give HB623 a DO PASS recommendation as a means to allow the entire legislature to debate this very controvercial matter.

EXHIBIT 3
DATE 2/16/87
HB 623

MONTANA DEPARTMENT OF REVENUE
10 - YEAR HISTORY OF ALL ALCOHOLIC BEVERAGE REVENUES

	Liquor Operations Net Profit	Liquor Excise Taxes	Liquor License Taxes	Beer Taxes	Wine Taxes	Licensing Revenues	Total Revenues
1976-77	\$ 7,116,488	\$ 5,286,748	\$ 1,964,610	\$ 2,454,724	\$ 0	\$ 1,333,652	\$ 19,156,222
1977-78	7,336,694	6,459,007	4,069,884	3,056,367	0	1,163,304	22,085,256
1978-79	7,508,524	7,022,237	4,337,769	3,203,814	0	418,148	22,490,492
1979-80	5,860,990	5,764,741	3,602,963	3,244,011	1,595,441	1,252,981	21,321,127
1980-81	6,028,927	6,343,783	3,964,865	3,249,022	1,129,526	1,455,564	22,171,687
1981-82	5,681,187	6,581,478	4,113,423	3,279,701	887,797	1,475,390	22,018,976
1982-83	5,010,213	6,554,828	4,096,768	3,294,412	1,118,998	1,357,263	21,432,482
1983-84	5,408,943	6,415,784	4,006,857	3,211,297	1,131,131	1,545,252	21,719,264
1984-85	4,340,660	5,935,058	3,707,794	3,083,163	1,132,060	1,445,442	19,644,177
1985-86	4,708,188	5,833,106	3,645,692	3,105,743	1,558,355	1,547,927	20,399,011

* Liquor License renewal fees are due on June 30 and are for the following fiscal year. Prior to June 30, 1979 such fees were accounted for as revenues in the year of receipt by the Department. This accounting method was changed June 30, 1979 to account for these fees in the license year rather than when received.

* 4,708,188 - 4,340,660 = * 367,528 increase
FY86 FY85 25

8.46 % increase

WITNESS STATEMENT

EXHIBIT 4
DATE 2/16/87
HB 623

NAME WARREN L. Peterson BILL NO. 623
 ADDRESS 3833 N. Tanager Ln. ~ Billings, MT 59102 DATE 2-16-87
 WHOM DO YOU REPRESENT? Billings state liquor-store clerks
 SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Mr. Chairman, Business & Labor Committee members,
 my name is Warren Peterson. I work at a state
 liquor store in Billings, Montana where I have
 been employed for 6 years.

I urge you to support House Bill 623
 which protects profitable state liquor stores.
 It is hard for me to believe that in these economic
 conditions that we face in Montana that our legislators
 would want to lose any source of revenue that the
 state has. As you might note we put 44 million
 dollars of revenue back into the general fund last year.

As a state liquor store employee we are very
 concerned that we do not sell liquor to minors and in
 fact in Billings we often a hot line between stores in
 case as we run into a bunch of minors who are trying
 to buy liquor. A private entrepreneur would not be concerned
 about that except to make another dollar in his or hers
 pocket.

The well lighted and clean convenient stores run by
 the state are seen by many customers as a pleasant place
 to do business. The elimination of these conditions
 would result in reduced sales and revenues.

The two high schools in Billings have SADD
 organizations and these students which are our future
 Montana taxpayers want to see a tighter control on liquor
 by keeping in the state liquor stores hands rather than
 everybody else's.

In conclusion I urge you to support House
 Bill 623 which protects profitable state liquor stores
 and ensures a future viable source of revenue to
 the state in these tough times. Thank you

CHAIRMAN--SEN. ALLEN C. KOLSTAD
NORMAL SCHEDULE==> SITE: ROOM 410

DAYS: MON THRU FRI TIME: 10:00 A.M.

SECRETARY-CAROLYN LINDEN

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0622 BRANDEWIE, RAY	2/17	3/18	3/18/87; 3/26/87 GENERALLY REVISE FINANCIAL REGULATION OF INSURANCE COMPANIES	CONCUR AS AMENDED		3/26/87
HB0623 HARRINGTON, DAN	3/02		PREVENT CLOSURE OR SALE OF PROFITABLE LIQUOR STORES		STATE ADMIN.	
HB0626 FRITZ, HARRY	2/17	3/13	3/13/87; 3/16/87; 3/20/87 LIMIT CAUSES FOR LANDLORDS' RECOVERY OF TREBLE DAMAGES	CONCUR AS AMENDED		3/20/87
HB0648 HOLLIDAY, GAY	2/19	3/05	3/ 5/87; LEGALIZE CALCUTTA POOLS IN BETTING INVOLVING SPORTS EVENTS	CONCUR		3/5/87
HB0648 HOLLIDAY, GAY	3/14	3/19	3/19/87; 3/20/87; 3/23/87 LEGALIZE CALCUTTA POOLS IN BETTING INVOLVING SPORTS EVENTS	CONCUR AS AMENDED		3/23/87
HB0654 ADDY, KELLY	2/23	3/06	3/6/87; 3/10/87 CREATE ALL-BEVERAGE LICENSE FOR NONPROFIT ARTS ORGANIZATIONS	CONCUR AS AMENDED		3/10/87
HB0691 BRADLEY, DOROTHY	2/21	3/06	3/6/87 REVISE RATE REGULATION OF SMALL TELEPHONE COMPANIES	CONCUR AS AMENDED		3/6/87
HB0720 SPAETH, GARY	2/21		ADOPT MODEL CLOSE CORPORATION ACT		JUDICIARY	
HB0741 HARP, JOHN	3/25	3/27	3/27/87 REGULATION OF HEALTH SERVICE CORPORATIONS	CONCUR AS AMENDED		3/27/87
HB0765 VINCENT, JOHN	3/02		MONTANA JOBS ACT		LABOR & EMPLOYMENT	
HB0769 PATTERSON, JOHN	2/23	3/17	3/17/87 CONTINUOUS CERTIFICATES FOR CERTAIN INSURERS	CONCUR		3/17/87

CHAIRMAN--SEN. JACK HAFEEY
NORMAL SCHEDULE==> SITE: ROOM 331

DAYS: MON THRU FRI TIME: 10:00 A.M.

SECRETARY-CAROL DUVAL

--BILL NO--	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0459	3/02	3/23		CONCUR AS AMENDED		3/25
KEENAN, NANCY			CHANGE DATE OF MONTANA PRESIDENTIAL PRIMARY			
HB0469	2/11	2/20		CONCUR		2/20
KEENAN, NANCY			ELIMINATE QUALIFICATIONS FOR THE SUPERINTENDENT OF THE MT STATE HOSPITAL			
HB0484	2/11	2/20		CONCUR		2/20
HARPER, HAL			GENERALLY REVISING PROVISIONS OF SHERIFFS' RETIREMENT SYSTEM			
HB0485	2/11	2/20		CONCUR		2/20
THOFT, BOB			INCREASE MAXIMUM PENSION PAID TO SURVIVORS OF VOLUNTEER FIREFIGHTERS			
HB0504	2/16	3/03		CONCUR AS AMENDED	JUDICIARY	3/03
KADAS, MIKE			LIMIT CHALLENGES TO INITIATIVES PRIOR TO ELECTION			
HB0508	2/16	3/03		CONCUR		3/03
CAMPBELL, BUD			ALLOW WAIVER OF BID SECURITY FORFEITURE			
HB0553	2/10	2/13		CONCUR		2/13
SIMON, BRUCE			REQUIRE WARRANTS ISSUED BY SRS TO BE PRESENTED FOR PAYMENT WITHIN 180 DAYS			
HB0623	3/05	3/23		CONCUR		3/23
HARRINGTON, DAN			PREVENT CLOSURE OR SALE OF PROFITABLE LIQUOR STORES			
HB0692	2/23	3/05		CONCUR		3/05
BROWN, JAN			AUTHORIZE STATE AND LOCAL GOVERNMENTS TO USE CROSSOVER REFUNDING BONDS			
HB0706	2/21	3/04		CONCUR		3/04
BROWN, DAVE			REQUIRING PUBLIC NOTICE OF VACANCIES ON CERTAIN COUNCILS, BOARDS, ETC.			
HB0708	3/02	3/20		CONCUR		3/20
NELSON, RICHARD			GENERALLY REVISING PROVISIONS CONCERNING LEGAL HOLIDAYS			

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

March 23, 1987

The forty-second meeting of the State Administration Committee was called to order by Chairman Jack Haffey on March 23, 1987 at 10:07 a.m. in Room 413/415 of the State Capitol.

ROLL CALL: All committee members were present.

The hearing was opened on House Bill 623.

CONSIDERATION OF HOUSE BILL 623: Representative Dan Harrington, House District 68, Butte, was chief sponsor of this bill entitled, "AN ACT GENERALLY REVISING THE LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE, CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE; REQUIRING SUFFICIENT WAREHOUSE INVENTORY TO SERVICE LIQUOR STORES; AMENDING SECTION 16-2-101, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." He stated the Legislature has made it very clear that they do not want to change the distribution of liquor in the State of Montana from state liquor stores to agency stores. He noted there were three bills introduced this session, two of which would have changed the format of distribution. This bill would maintain the present system of distribution.

He then gave a background of how this bill came about. He noted that in January of 1968 the Department of Revenue started moving in the direction of closing state liquor stores across the state. The Revenue Oversight Committee had asked the Department of Revenue to delay action till the Legislature could look at this more closely but the Department chose instead to move in the direction of closing the stores. Then legislation was passed in a special session to prevent the closures. The Department then stated they were going to begin offering up for bid the stores they were closing. He said this bill would state that a liquor store must maintain a 10% profit margin in order to remain open and would mandate the Department to maintain a 97% level of merchandise. It would also mandate that the agency stores maintain at least 10% profit on all merchandise they sold. He said an amendment had been added in the House that would allow no agency stores to be located in or adjacent to grocery stores in communities where the population was over 3000. This would be applicable after passage of the bill and would not apply to those agency stores already in existence. He felt the direction the Department was moving was to move the liquor stores into the proximity of grocery stores and felt eventually might lead to liquor being sold in the grocery stores themselves.

In 1933 the law clearly defined that the state would have control.

There was also a letter in 1937 which stated it was the policy of the state to control the sale of liquor and distribution and eliminate illegal traffic of liquor for the protection, health, welfare and the safety of the people of the state. He noted these reminders expressing the feelings of the Legislature were sent to the present director, John LaFaver to request that the Department stay within these guidelines. He stated he felt they were moving in the opposite direction presently. He felt it was a very good bill and urged consideration.

PROPOSERS: Senator J. D. Lynch, Senate District 34, Butte, was the second signer of the bill. He stated it was unfortunate that this type of bill had to keep being brought before the Legislature. He expected the Department of Revenue to follow the directions of the Legislature. He felt this was a fair bill. He noted on the stores being let out for bid they are accepting bids for less than 10% profit and he thought they might end up going out of business. He did not think the Department wanted this to happen. He felt the bill expresses the original intent of the Legislature to maintain control of alcohol in the state. He felt if there are profits being made they should not be shutting down the stores and making them into agency stores.

Representative Bob Pavlovich, House District 70, Butte, noted he was the sponsor of one of the liquor bills defeated earlier in the session and that the intent of his bill was to get the message to the Department that the legislature did not want liquor sold in grocery stores or near the stores. He noted some of the bids for the agency stores are going for less than 10% profit and if this trend continues there will soon be no profit made at all. He felt it was moving in the direction of eventually selling in the grocery stores. If this is the case, he felt the state should be out of the business entirely. As long as the stores are profitable he thought they should be allowed to remain open. He said the people are happy with the system the way it is presently and felt it should remain the same.

Claudia Clifford, speaking on behalf of the United Food and Commercial Workers' International Union, stated the question is why is it necessary to dismantle a system that has served Montanans for 54 years that assures that liquor is sold responsibly. She opposed the Liquor Recovery Plan to convert state stores into agency outlets. She noted the plan has not recovered slipping revenues and it is being projected that sales will continue to decline. She noted that in the smaller communities the agency stores work very well but in larger volume stores in bigger towns it is not the same situation. She felt grocery stores might be inclined to bid low because it is only supplementary income to them. Having more agency stores would eliminate 150 state jobs and she felt it just did not make sense to convert profitable stores into agency outlets.

She said this bill attempts to provide a more reasonable guideline for conversion and management of the state retail liquor system and encouraged the committee to concur in the bill.
(EXHIBIT 1)

Bob Durkee, representing the Montana Tavern Association, noted many of their members have package stores along with their taverns. His people own the inventory and the state stores are merely consignees of the state. He said the state establishes the retail price that an agency cannot go below. The package stores must add 10-15% markup to make a profit. He felt if the supermarkets eventually get control of the sale of liquor that there will be a flood of markets wanting to sell liquor. The Tavern Association supports the bill because it might provide some constraints against the department while the legislature is not in session. Currently they only have two alternatives and that is to demand a public hearing or wait until the legislature is in session he said.

Ray Trudell, a representative of UFCW from Northern Montana, urged passage of HB 623 because there is a need to maintain 97% level of merchandise in the stores. He noted the levels got down to as low as 50% during the summer which was not acceptable.

Bob Heiser, UFCW representative from UFCW in Billings, urged support for the bill for the sake of the employees of the state liquor stores. He noted their jobs have been on the line session after session and this way they would know if their store was not making a 10% profit they might be out of a job.

Robin Thompson, a Helena store manager, spoke on behalf of herself and the people of Helena. She said the state has been controlled for more than 50 years and now we have an administrator who wants to take this system and turn it over to the private sector. She noted the specifications lined out in the bid process prevented her from even submitting a bid. Her store had gone for a 7.4% profit margin contracted for a period of five years. She thought that eventually the grocery stores would slit the throats of the tavern owners who sell packaged liquor. She felt the consumer was comfortable with the state operated stores and if they wanted a change they would be demanding it.

Don Judge, representing the Montana AFL-CIO, noted these are unstable times and there is not a compelling reason to be closing down the state liquor system but there is a compelling reason to stay in business because the state has a responsibility to do so in order to control and regulate the industry. He was also concerned about the 150 workers whose livelihoods depend on this legislation.

Joel Dunbar, a liquor state employee, stated the system has worked

well in the past and is doing so today and will continue to do so in the future. He felt the bill would benefit the economy of the state.

OPPONENTS: Mr. John LaFaver, Director of the Department of Revenue, spoke on behalf of the administration in opposition to HB 623. He noted the concern over jobs and the changing economy is legitimate but it ignores the reality they have had to face in developing public policy. The sales of liquor are about half what they once were and the attitude towards liquor consumption has changed. They have recognized this and shifted towards turning the state stores over to private agencies. There were once 140 outlets and today there are only 40 state stores he said. The Department has discovered that private agencies maintain the same type of state control and provide adequate and improved services to the customer while providing more revenue to the state at less expense. He stated they were not acting in defiance or contrary to legislative intent and have followed the orders of the special session. As the leases expire they are being turned over to agency stores. He felt this bill would kill the recovery plan and result in lower revenues to the state. He noted this bill would not allow an agency store to be adjacent to a grocery store and felt this was not logical. He felt this would also take away the competitive bid process by stating they have to be at least 10%. He said they have received responsible bids for as low as 6.8%. He did not feel that liquor would be sold in supermarkets and if this was a concern had no objections to amending the bill to prohibit the placing of liquor stores in supermarkets. He noted that this bill goes far beyond this and states that all state stores will continue to remain open whether or not they could be operated more efficiently as a private agency. He felt the present recovery plan needed to remain in place, that it was working and it would mean higher revenues to the state and assure that the stores are run in a more businesslike way.

Gary Blewett, Administrator of the Liquor Division of the Department of Revenue, stated he felt what evolved this session was the same as what happened in the Revenue Oversight Committee last spring. They found that the state could not afford to wipe out its local retail/warehouse operations without losing substantial revenue. There were ailing revenues and net profits and the expenses were eating into the returns so they decided to go with a 100% conversion of commissioned agencies as the best way to stabilize the expense to sales ratio and still maintain a reasonable profit level. This plan converts all outlets to agencies. They predict that eventually this will result in a return to profit to sales ratios that existed in 1980. The plan is being implemented through a bidding process. He noted the bid specifications do not allow an agency to be located in a grocery store in the larger communities unless they are separated by a wall and there is a separate entrance. A bidder must demonstrate that he or she is a responsible bidder and is willing to perform the services required and they must also furnish a cash flow projection. He had

a chart included in his written testimony showing the profit and expense trends of sales in the years 1980-1986. (EXHIBIT 2)

QUESTIONS ON HOUSE BILL 623: Senator Harding asked Mr. LaFaver what other states are doing with their liquor sales presently. He stated a majority of the states run private stores. The State of Oregon has a system similar to Montana he said. There are 18 states that are involved in some way with the retailing of liquor. Senator Lynch asked if there was a minimum profit that even agency stores could operate under prior to the recovery plan. Mr. LaFaver did not know if there was a policy but felt most were 10%. Senator Lynch wondered what would happen if two people submitted an identical bid who would get the bid. Mr. LaFaver noted there are specifics that are in the bid process but it would be rare there would be two bids alike. These would preclude everything except for the best location from a business standpoint. The director would be the one who would make the final determination he said. Senator Lynch asked Mr. Blewett if he was comfortable with the fact that a wall separating a liquor store from a grocery store was sufficient. Mr. Blewett stated he was because you have to enter through a separate entry and are not purchasing groceries at the same time you are buying liquor. Senator Lynch noted that both Mr. Blewett and Mr. LaFaver's testimony was based on the business part of sales and not on control. He asked if the state has a responsibility on control. Mr. Blewett stated he believed the state does have control because there are a limited number of outlets and the state is making the decision as to who can become an outlet and can determine who is abiding by the conditions of a contract. Senator Lynch was still concerned about who might get a bid if there were two identical bids. Mr. Blewett stated in the bid specifications it says they would be based on the best location and the department would determine this. If they were next door to one another it would just have to be worked out he said.

Senator Farrell asked about the state operating costs for licensing and legal enforcement. Rep. Harrington noted it was discovered that the costs for policing were being charged back to the liquor stores and he felt this was not justified. Senator Farrell asked when this practice began and Rep. Harrington was unsure how long this had been done. Senator Hirsch asked Rep. Harrington if he would accept an amendment to disallow the liquor stores to be placed in grocery stores. He said he thought there was no way this could fit into the bill as it would not settle all the concerns that were being addressed in the bill. Robin Thompson noted that in the new store on Montana Avenue located in Thriftway supermarket there is only a divider and you can see inside the liquor store even though you have to enter a separate entry.

Senator Harding asked Mr. LaFaver if state control is through the contracts and he said yes and that they also own the liquor inventory until it is sold. Senator Vaughn wondered what would happen if a store went broke. Mr. LaFaver noted it does occur from time to time and these are then put out for bid and usually someone from the same town will take the store over. Senator Hofman asked what "income from other sources" meant. Mr. Blewett stated this recognizes that some bidders are going to bid on the assumption that there will be a combined income and that they will not make a livelihood from the store itself without some other means of support. Senator Hofman felt this was really just putting the "Ma and Pa" operations out of business. He felt the Department was trying to increase the profits at the expense of the little stores. The stores would be forced to close and be transferred to someone who was willing to put the liquor store business in as a sideline. They would not have the same fixed costs that the small stores would have. Mr. Blewett stated he did not think it would necessarily put the smaller stores out of business and noted that many of the agency stores are small operations now side by side with another retail business. He did agree that the larger an operation becomes the more difficult it becomes for the smaller operator to exist.

Senator Hirsch asked about the maintenance of 97% inventory and why there were problems last summer. Mr. Blewett stated they have been maintaining a 97% level for the past several months. The reductions occurred at the back end of a reduction of inventory he said and was just temporary.

Senator Haffey noted the testimony had brought out a fatal flaw in the state policy regarding liquor stores which was to market liquor like one would market drygoods by making locational decisions, and that a responsible bidder would be one who could get more income from proceeds other than from liquor sales. He felt the state should not be marketing liquor as you would other merchandise but just make the liquor available under a state-controlled approach. He felt Rep. Harrington's proposal would put the smaller stores on a more level playing field. Mr. LaFaver noted if this bill were just a prohibition of liquor in or adjacent to a grocery store the Department would have no objections. He did not think there was a change in the policy of marketing liquor but instead reflects the fact there has been a movement towards placement of stores in more convenient locations. He noted many of the smaller stores could not remain in operation unless they were combined with another retail operation. He felt the provisions in the bill would enhance the likelihood of more small stores and did not feel they would ever sell in a supermarket.

Rep. Harrington began his CLOSING remarks. He said he did not believe that without the 10% profit margin that the small operations could remain in business. He said Mr. LaFaver had stated on

January 10, 1986 the Department would go towards more agency stores but were not prepared to recommend this because they would have to offer a sliding scale of commission. He said he also made a statement that the State of Oregon has a similar system and they had advised Montana not to move towards agency stores because of the hassles and court battles that might result. Rep. Harrington felt this was the direction that the state was moving in however. He said Mr. LaFaver had stated that the Recovery Plan was debated very carefully in the special session in June but he maintained that the Revenue Oversight Committee was the only debate they had had on this issue. He believed liquor sales were also down because of our strict DUI laws and due to wine sales in the grocery stores. He felt this bill was necessary in order to keep control of liquor sales in the state. He said the existing system will have disappeared in the next two years if this bill does not pass. He felt it is necessary to continue offering a fair profit margin of at least 10%. The Department had failed in every way to consider the employees and their families he felt. The hearing was CLOSED on House Bill 623.

EXECUTIVE ACTION ON HOUSE BILL 623: Senator Hirsch felt more study should be done on an amendment that would prohibit placing an agency store in a grocery store. John LaFaver said he was agreeable to this but that the bill went beyond just this concern which the Department could not agree with. Senator Farrell wanted to know who would pay the costs that were being charged to the liquor stores presently from the Department. Senator Haffey said these were overhead expenses and this bill would just prohibit the Department from charging these to the stores unless they were allocated out in a formula that the costs was applicable to the liquor stores. Mr. LaFaver noted these costs result from the way investigations are conducted and are appropriated by the legislature. He felt by law you would have to appropriate general fund to support them. Rep. Harrington felt it was not fair to the stores to have these costs charged against them.

Senator Lynch MOVED THAT HOUSE BILL 623 BE CONCURRED IN. Senator Hofman seconded the motion. On a roll call vote there were six who voted "yes" and four who voted "no." The motion carried.

The hearing was opened on House Bill 459.

CONSIDERATION OF HOUSE BILL 459: This bill was sponsored by Representative Nancy Keenan, House District 66, Anaconda and was an act entitled, "AN ACT CHANGING THE DATE OF THE MONTANA PRESIDENTIAL PRIMARY AND SCHOOL ELECTIONS; AMENDING SECTIONS 13-1-104, 13-1-302, 13-10-401, THROUGH 13-10-403, AND 20-20-105, MCA; AND PROVIDING A CONTINGENT EFFECTIVE DATE." It was being requested by the Governor and the Secretary of State. The bill would permit a Northwest regional primary. She noted there were some problems with implementation of the legislation from the Clerk and Recorders

ROLL CALL

SENATE STATE ADMINISTRATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/23/87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACK HAFHEY	X		
SENATOR WILLIAM FARRELL	X		
SENATOR LES HIRSCH	X		
SENATOR JOHN ANDERSON	X		
SENATOR J. D. LYNCH	X		
SENATOR ETHEL HARDING	X		
SENATOR ELEANOR VAUGHN	X		
SENATOR SAM HOFMAN	X		
SENATOR HUBERT ABRAMS	X		
SENATOR TOM RASMUSSEN	X		

Each day attach to minutes.

DATE MARCH 23, 1987

COMMITTEE ON SENATE STATE ADMINISTRATION

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)



SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 3-23-87

CALL NO. HB 623

CHARTERED BY

UNITED FOOD & COMMERCIAL WORKERS INTERNATIONAL UNION

AFL-CIO & CLC

TESTIMONY IN SUPPORT OF HB 623 PRESENTED BY CLAUDIA CLIFFORD TO SENATE
STATE ADMINISTRATION COMMITTEE ON MARCH 23, 1987.

Mr. Chairman, members of the committee, my name is Claudia Clifford and I am here today on behalf of United Food and Commercial Workers. UFCW represents approximately 4,000 workers in Montana, which includes the state liquor store employees.

The question presented to you today by House Bill 623 concerns the necessity of dismantling a system which has served Montanans for 54 years and which provides jobs and decent income for 150 Montanans and their families. The state's liquor store system also provides assurances to the communities of Montana that liquor is sold responsibly.

UFCW strongly opposes the "Liquor Recovery Plan", a plan to convert state liquor stores to agency outlets currently being implemented by the Department of Revenue. The conversion is an unnecessary loss of decent paying jobs. The conversion process is handing the liquor retail business to the grocery stores as has happened here in Helena. And, the recovery plan has not recovered slipping revenues, but rather liquor revenues are projected to decline in the next biennium.

I question whether the legislature really understood that when it consented to the DOR's Liquor Recovery Plan that the result would be agency outlets run by grocery stores. That is precisely what has happened here in Helena. Soon the state liquor store on North Montana, a profitable business netting over the recommended 13%, will be closed. The agency bid was awarded to the grocery store owned nearby and the restaurant space next to the grocery store is already being renovated for the conversion.

Agency stores combined with grocery stores is practical for small towns and rural areas. In these areas volume of sales is low and it is not profitable to run state liquor stores. However, for the large volume stores in bigger town, it is quite a different question to allow grocery stores to take over the liquor business. When Montana considered allowing grocery stores to sell wine and beer, it caused considerable public debate resulting in a ballot initiative.

You need to understand that the current bidding process in converting state stores to agency outlets attracts bids from grocery stores. Grocery stores have to advantage of being able to bid low because liquor sales will be only supplementary income. Grocery stores also have the incentive to bid low because having liquor for sale attracts more business overall.

Under the Liquor Recovery Plan even profitable state stores are being converted. This is an unnecessary loss of decent paying jobs to many communities. In converting to agencies the state will lay-off 150 people, including part-time workers. There are no provisions to help these people find another job. Generally, agents can only afford to pay low wages. Therefore, the local economy loses the expendable income of the state jobs, and loses it unnecessarily. Wages for the state liquor store employees comes out of the revenue from sales. Where the state has profitable stores it does not make sense to convert to agency outlets, a loss of income to local economies.

I also question whether the Recovery Plan is recovering revenues as it is intended to. Before the Recovery Plan was implemented, liquor revenue profits increased 8.16% for FY 86, that's up \$367,000 over FY 85. The liquor recovery plan began to be implemented at the beginning of FY 87. Comparing profits from the first two quarters of FY 87 and the same period of FY 86, profits have decreased 12.8% under the Recovery Plan. The Governor's Budget projects a continued decline of revenue with the plan. For FY 88 revenues are projected to decline 12.6%. For FY 89 another decrease of 8.73%. I won't predict that retaining the state store system will curtail this decline in revenue, but purposely cutting decent paying jobs, and sacrificing state control over the large volume of liquor sales does not make sense.

This bill attempts to provide more reasonable guidelines for conversion and management of the state's retail liquor system. Any store making a ten percent profit or more will be kept in operation. Ten percent profit for stores of this kind is very good in these times. Most state liquor stores currently make 10% profit and for now will be stay in operation if this bill receives approval. The state has a dual role in generating revenue as well as controlling the sale of liquor. If a store can make a ten percent profit, I propose that it is reasonable for the state to retain the store as a system which best assures the responsible sale of liquor.

If it is not profitable for the state to retain the stores then the profit margin cut off will allow for a transition. What is important is that the employees of the store will have a clearly defined situation which allows them to know if they will be out of a job. Currently, the store employees feel that they are part of a Russian Roulette game of which store will be converted next for no predictable reason.

HB 623 is designed to allow the state to stay in control of liquor sales as long as it is practical. I encourage this committee to concur with the House in approving this measure.

TESTIMONY

GARY BLEWETT, ADMINISTRATOR

LIQUOR DIVISION, DEPARTMENT OF REVENUE

HB 623

WITNESS NAME

DATE 2

TIME 3-23-87

FILE NO. 4B623

The debate that has evolved this session over the structure of the liquor system parallels the debate that took place in the Revenue Oversight Committee last spring as it was developing a liquor recovery plan it could recommend to the June Special Session.

The Revenue Oversight Committee looked at a wholesale option similar to the bill Rep. Pavlovich proposed this session. The Committee found then as did the House this session, that the state could not afford to wipe out its local retail/subwarehouse operations without losing substantial revenue.

The Revenue Oversight Committee looked at another wholesale option similar to the bill Rep. Simon proposed this session. The Committee found then as did the House this session, that the public could not afford the price increases, especially in the rural areas, that eliminating State control of its local retail/subwarehouse operations while maintaining present revenue would cause.

The resulting issue for the Revenue Oversight Committee focused on reinvigorating a system of local retail/subwarehouse operations that maximizes revenue to the State while maintaining the State's interest in controlling supply, number of outlets and retailer qualifications. The Committee found that although the liquor system has been providing substantial revenue, it has been ailing. It's net profits as a percent of sales has been declining. This means that expenses have been eating into the return. The Revenue Oversight Committee settled on an eventual 100% conversion to commissioned agencies as the best way to eventually stabilize the expense to sales ratio and maintain a reasonable profit level.

BUILD ON PAST EFFORTS: This plan extends past efforts to improve the profitability of the system. For many years the legislature has set revenue targets for the liquor system. Associated with those targets have been law changes that encouraged elimination of unprofitable or marginally profitable operations. For most of the liquor system's existence, it has maintained approximately 140 local retailing/subwarehouse outlets. Until 1974 those outlets were all operated by state employees. In 1974 the law was changed to allow outlets to be run by agents paid on a sales commission. The number of agency-operated stores has grown in those 14 years to 99 agencies, the 12 most recent of which resulted from implementing the first stage of the liquor recovery plan.

The liquor recovery plan moves past converting only unprofitable or marginally profitable outlets to converting all outlets to agencies. This involves our largest outlets as well as the smaller outlets which

(over)

have been the past emphasis. By building on the strengths of the past, the liquor recovery plan marries the State's interest in liquor control with the use of entrepreneurial incentives to provide good sales and service. The eventual result, once all the stores are converted to agencies, would be a return to the profit to sales ratio that existed in 1980. This is equivalent to approximately \$1 million more revenue in current dollars.

IMPLEMENTING THE PLAN: The Department has implemented the liquor recovery plan through a bidding process that spells out for bidders the limitations and opportunities of becoming a commissioned agent for the liquor system. A review of the bid document and procedures will show that, contrary to allegations, the process leads to accepting only responsible bidders who reasonably demonstrate that they can perform the required agency services at the commission rate they bid.

GROCERY STORES: The sponsor of HB 623 has said that the main purpose of that bill is to prevent liquor stores from being taken over by grocery chains. The bid specifications do not allow an agency to be located in a grocery store in the State's larger communities; in fact they do not allow an agency to be located in any large community retail store. An agency must be fully separated from an adjacent retail store with a separate entry from the outside. Entry cannot be made through the other store.

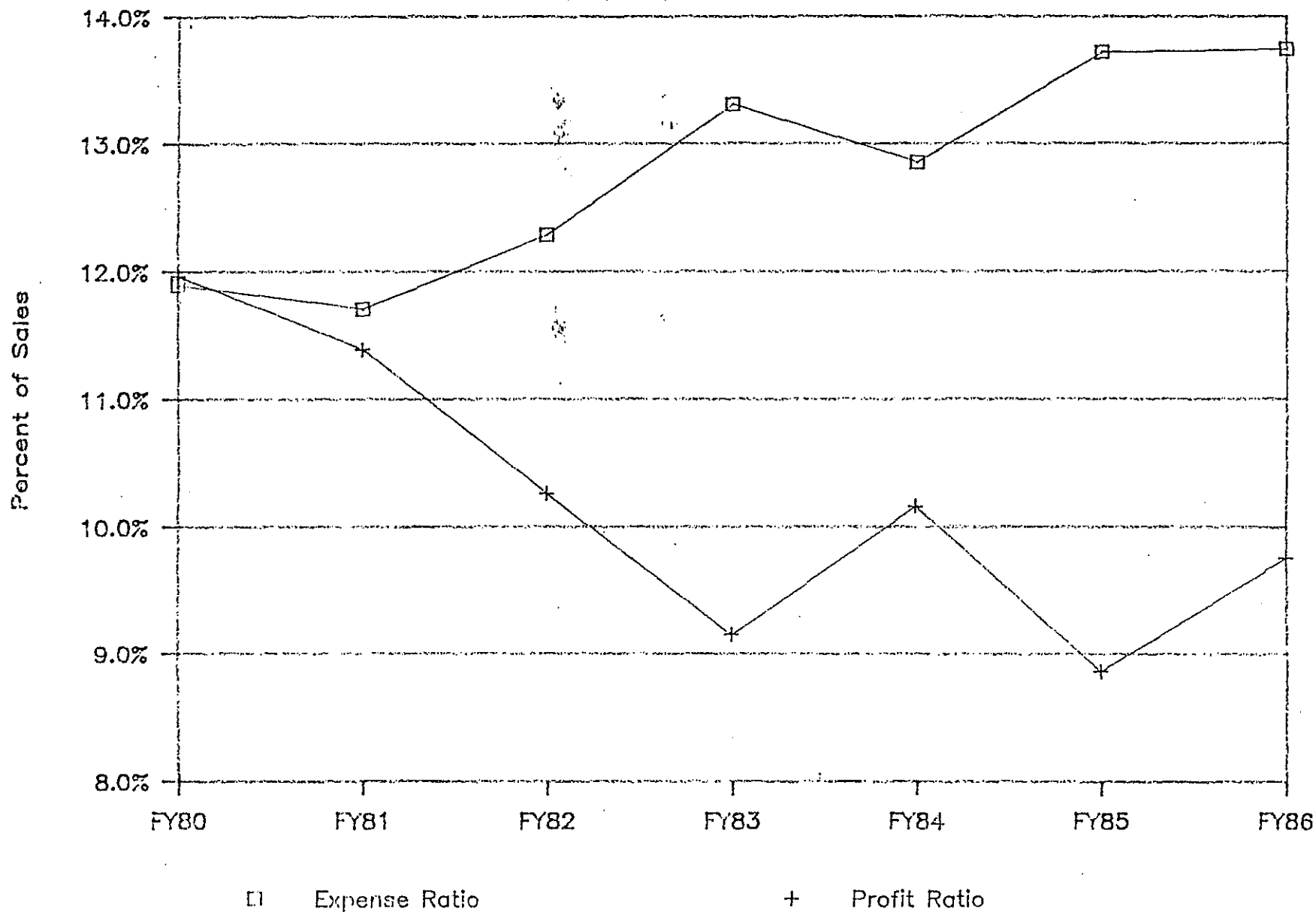
In the last round of bids, we accepted bids from three bidders who will locate adjacent to another retail operation: in Sidney the agency will be adjacent to a hardware store, in Columbia Falls it will be adjacent to a pharmacy, and in Helena the agency will be adjacent to a grocery store. In all three settings, the agencies are fully separated from the adjacent store and all three have exterior entries as the only means of getting in or out of the liquor agencies.

COMMISSION RATES: Concern has been expressed that the commission rates are being bid too low for an agent to be able to successfully operate. The bid procedures do not simply accept the low bid. A bidder must first demonstrate that he or she is a "responsible" bidder, that is, is willing and capable of performing the services required.

Included in our specifications is a requirement that the bidder must include a cash flow projection for each of five years with a monthly flow for each month of the first year. To be accepted as a responsible bidder, the cash flow projection must convincingly demonstrate the bidder's capability to perform the services of agent in view of financial resources, expected income based on the bid commission rate and income from other sources, and expected expenditures to operate the agency.

Liquor System Profit & Expense Trends

Fiscal Years 1980-1986



REPORT CLASSIFIED
DATE 10-2
BY 3-23-81
EML NO. 15623

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE

Date March 23, 1987 HOUSE BILL Bill No. 623 Time 11:30 a.m.

NAME	YES	NO
SENATOR JACK HAFHEY	X	
SENATOR WILLIAM FARRELL		X
SENATOR LES HIRSCH		X
SENATOR JOHN ANDERSON	X	
SENATOR ETHEL HARDING		X
SENATOR ELEANOR VAUGHN	X	
SENATOR SAM HOFMAN	X	
SENATOR HUBERT ABRAMS		X
SENATOR TOM RASMUSSEN	X	
SENATOR J. D. LYNCH	X	

Carol Duval
Secretary

Senator Jack Haffey
Chairman

Motion: MOTION BY SENATOR LYNCH THAT HOUSE BILL 623 BE CONCURRED
IN. Motion carried 6-4.

STANDING COMMITTEE REPORT

MARCH 23 ;

19 87

MR. PRESIDENT

We, your committee on SENATE STATE ADMINISTRATION

having had under consideration HOUSE BILL No. 623

third reading copy (blue)
color

**PREVENT CLOSURE OR SALE OF PROFITABLE LIQUOR STORES
Harrington (Lynch)**

HOUSE BILL 623

Respectfully report as follows: That..... No.....

BE CONCURRED IN

XXXXX
DO PASS

XXXXXXXXXX
DO NOT PASS

SENATOR JACK HAFLEY

Chairman.